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TO THE OPINIONS OF THE

EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

PLENARY SESSION OF JANUARY 2020

N°	Title	References
MARE		
1.	**Eastern Baltic cod** Rapporteur-general: Gerardo LARGHI (IT-II)	NAT/781 COM(2019) 564 - 2019/0246 COD EESC-2019-05779-00-00-AC-TRA
ECFIN		
2.	**The sustainable economy we need (own-initiative opinion)** Rapporteur: Peter Schmidt (DE-II)	NAT/765 EESC-2019-02316-00-00-AC-TRA

N° 1	**Eastern Baltic cod** **COM(2019) 564 final** **EESC 2019/5779 – NAT/781** **549th Plenary Session – January 2020** **Rapporteur: Gerardo LARGHI (IT-II)** **DG MARE – Commissioner SINKEVIČIUS**
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
1.1., 1,2., 1.3., 1.10., 2.4. A comprehensive plan for the Baltic Sea is needed	The Commission has been fully engaged in HELCOM[1] (Baltic Marine Environment Protection Commission – Helsinki Commission) whose main objective is the improvement of the Baltic Sea's ecosystem. The Commission is currently considering appropriate actions. On the proposal to encourage sustainable aquaculture in offshore farms, attention should be paid to the type of aquaculture in order not to contribute to increased nutrient loads in the ecosystem.
1.5. The EESC stresses the negative consequences of scrapping these fleets and considers that adherence to the plan should be purely voluntary.	In the Commission proposal the scheme is indeed voluntary.
1.6. The EESC points out that the Court of Auditors has stressed that funds destined for this purpose have often not been used properly and have not always generated the expected result. The Committee calls on the Commission and the Member States to adopt measures to avoid this happening in this case as well.	The Commission proposal sets up a specific capacity ceiling for the relevant fleets, and the fleet capacities benefitting from permanent cessation would have to be deducted from this ceiling. These provisions should address the concerns raised by the Court of Auditors.
1.7. The EESC considers that if the Commission and the Member States had acted in time, a more gradual approach could have been taken to the issue.	The decline of the Eastern cod is due to a multiplicity of factors. Beyond the fisheries element, the Baltic sea ecosystem has been under heavy pressure also from nutrient inputs,

[1] https://helcom.fi/

2.1. The deterioration of the Baltic Sea ecosystem has been a well-known fact for years. Now, the Eastern Baltic cod stock is the only stock in European waters whose mortality from environmental factors is three times higher than fishing mortality. Moreover, no significant changes are expected before 2024, even with no fishing at all.	resulting in eutrophication. These nutrients result both from agriculture and urban waste water: The diffuse sources (mainly from agricultural activities) constitute the major part, making up 46% of the total riverine nitrogen load and 36% of the total riverine phosphorus load to the Baltic Sea. Point-sources are also important for riverine nutrient loads to the Baltic Sea, and constitute 12% of the total nitrogen load and 24% of the total phosphorus. Urban waste water pollution is now better addressed, thanks to improving implementation of the Urban Waste Water Treatment Directive – this is also thanks to the Commission enforcement action in Member States that joined the European Union after 2004, who had deadlines to implement the Directive by 2015 in most cases. Nutrient inputs from agriculture have decreased since the adoption of the Nitrates Directive. However, these inputs are still too high and strengthened implementation of the Nitrates Directive is needed to better address this diffuse pollution. Infringement procedures were launched by the Commission when the measures of the Nitrates Action Programme were estimated as insufficient to meet the Directive’s objectives. In parallel to EU legislation, HELCOM, the Baltic Marine Environment Protection Convention, has been active for 40 years, in particular setting up a Country-Allocated Reduction Target scheme for nutrients. The latest State of the Baltic Sea Report from HELCOM shows that the situation may have been much worse than it is now without HELCOM’s intervention.
1.8. The EESC urges Member States with powers to lay down the rules for the allocation of financial compensation for scrapping fishing vessels to take due account of the sector's skilled workers who would be left without a source of income.	The European Maritime and Fisheries Fund (EMFF) allows for support for diversification, professional training and lifelong learning. In addition, it covers promotion of economic growth, social inclusion and job creation, and providing support to employability and labour

1.9 The EESC calls on the Member States to use the ESF funds to implement retraining programmes for workers currently employed in the sector.	mobility in coastal and inland communities, which depend on fishing and aquaculture, including the diversification of activities within fisheries and into other sectors of maritime economy. When the fishermen concerned cease their fishing activities following compensation received for scrapping, other national and EU sources should be enabled, such as European Social Fund (ESF).
1.11. The EESC strongly encourages the European Commission to explore the possibility of having dedicated funding for cross-regional action based on the Blue Bio-economy principles. A number of existing projects have already proven that certain new economic activities can significantly contribute to positive environmental results in the Baltic Sea. Mussel and seaweed farming should be promoted, as they are very efficient nutrient filters. Activities of this kind also help to bring biodiversity, including fish stocks, back to the seashore. The EESC argues that the existing fleet and fishers could be used to realise this potential, as they have both adaptable equipment and skills. The dedicated regional financial program from the EU and Member States themselves is a must.	The European Maritime and Fisheries Fund can already support marine aquaculture as part of the Member States' national programmes. Moreover, the EU Baltic Sea Macro-regional Strategy and the corresponding Interreg programme may also provide support for the whole region.
1.12. The EESC emphasises that by forbidding conversion to leisure and tourist fishing, the proposal shuts off a practical employment and business solution for operators.	The objective of the proposal is to limit the capacity of the fleet fishing for eastern Baltic cod, as a means to preserve the eastern cod stock and the ecosystem, and to provide financial support to affected fishermen. Adding capacities for recreational fishing would clearly go against the latter objective as it would not decrease fishing pressure but simply shift it from commercial operators to recreational anglers.
Relations with non-EU countries, notably Russia	Russia is a member of HELCOM where ecosystem-related issues have been tackled for

1.13 The EESC considers it important that the Commission avoids the ban on Member States fishing cod placing operators from other, non-EU countries at an advantage. 2.5 The possibility of an agreement to employ foreign fishers and promote the Blue Bio-economy principles in the neighbouring territory of the Russian Federation should also be explored. Cooperation must not be restricted to seeking convergent solutions regarding fishing, but should also develop and implement measures aimed at radically and durably resolving the environmental problems that threaten the balance of the Baltic Sea ecosystem.	many decades. Furthermore, the Commission has a regular dialogue with Russia on fisheries in the Baltic Sea. Ultimately, the Commission has no competence over the decisions taken by an independent non-EU country.
2.2. The EESC considers it essential for a comprehensive analysis to be carried out of the situation of the Baltic Sea fisheries sector and the problem of the marine environment, which is in crisis owing to a wide array of factors, including, notably, in addition to pollution from the rivers flowing into it, the fact that it is crossed by cruise ships which do not always respect water recycling standards. 2.3 The EESC acknowledges that a significant part of the pollution still comes from industries and wastewater treatment plants. The EESC urges the European Commission to demand a more active implementation of the Environmental Crime Directive by Member States and a proper prosecution of the big polluters. In case of financial fines payed by polluters, the EESC encourages Member States to direct that income into environmental programs.	With regard to water pollution, the Commission actively promotes implementation of environmental legislation, such as the urban waste water Directive (91/271/EEC) and the Nitrates Directive (91/676/EEC), including, where necessary, through infringement proceedings. The Environmental Crime Directive 2008/99/EC requires Member States to criminalise specific offences and to provide for appropriate sanctions, including for serious breaches of legislation related to the EU water policies. The Commission has started an evaluation of the Directive to explore whether it meets its objectives and contributes to effective environmental protection. On 8 March 2019, the evaluation Roadmap was published, and the public was consulted from 10 October 2019 to 2 January 2020. The evaluation is the first step in reviewing the existing policy of using criminal law to protect the environment including practical aspects of application of the rules. The evaluation report is expected before summer 2020. The work undertaken in the framework of the

	Commission Action Plan on Environmental Compliance and Governance and steered by the Environmental Compliance and Governance Forum covers practical aspects of combating different type of environmental crimes. It may have in future a greater focus on tackling serious offences of water legislation. See also above (reply to points 1.7. and 2.1.).

N°2 The sustainable economy we need Own-initiative opinion EESC-2019-02316 – NAT/765 549th Plenary session – January 2020 Rapporteur: Peter SCHMIDT (DE-II) DG ECFIN – Commissioner GENTILONI	
Points of the European Economic and Social Committee opinion considered essential	**European Commission position**
Due to the evolution of the European Commission's response to the economic consequences of the current COVID-19 outbreak, some announcements made in the reply may be subject to revision in the coming weeks or months.	
1.2. The vision of social progress only relying on the pursuit of growth in the Gross Domestic Product (GDP) ignores important elements of individual and social wellbeing and fails to account properly for environmental and social considerations.	Gross Domestic Product (GDP) is an essential indicator that tracks economic activity. It relies on a well-established and internationally harmonised methodology, allowing consistent comparisons over time and across countries. It makes it possible to evaluate the efficiency of resource use, and therefore it also plays an important role in tracking progress in the environmental transition. However, that indicator is not meant to account for outcomes in all dimensions of life that matter for individuals. The EU has been at the forefront of recognising the need of a comprehensive monitoring of outcomes, in particular in connection to the formulation of the Europe 2020 strategy. The Annual Sustainable Growth Strategy (ASGS) 2020[2] builds on those achievements and formulates a growth strategy that puts sustainability and wellbeing at its core, by relying on the four complementary dimensions of prosperity, fairness, stability, and sustainability.
1.3. The EESC calls for the EU to propose a new vision of prosperity for people and planet based on the principles of environmental sustainability, the right to a decent life and the	The Commission agrees that delivering an economy that works for people and ensuring a just transition towards climate neutrality, while providing a high level of economic and

[2] COM(2019) 650 final.

protection of social values. The economy is an enabler for this vision.	political stability, requires a strong and resilient social market economy. The Annual Sustainable Growth Strategy 2020 outlines a set of economic and employment policy priorities, while also underscoring the need for a whole-of-government approach, cross-cutting across policy areas, to evaluate the trade-offs and the synergies between the four complementary dimensions of the new growth strategy:. the environment, productivity, stability, and fairness. The Commission, while remaining within the applicable legal bases of economic policy and employment policy coordination, is progressively refocusing the European Semester process of macroeconomic coordination to integrate the United Nations' sustainable development goals. Sustainability and the well-being of citizens are at the centre of economic policy and the sustainable development goals are at the heart of the EU's policymaking and action.
1.6. The EESC highlights that building the wellbeing economy must start by adopting a precautionary approach in which macroeconomic stability does not depend on GDP growth. It proposes the development of new indicators of economic performance and social progress beyond GDP.	In the context of the Europe 2020 strategy, an important effort has been put into developing a more comprehensive set of indicators covering all areas of quality of life that matter for the individual, and an increasing set of indicators has been incorporated in the Country Reports. Based on the principles of the European Pillar of Social Rights[3], the Social Scoreboard monitors progress in outcomes as regards the equality of opportunity and access to the labour market, the dynamism and fairness of working conditions in the labour market, as well as public support in achieving social protection

[3] Interinstitutional Proclamation on the European Pillar of Social Rights; OJ C 428, 13.12.2017, p. 10–15.

	and inclusion. To give another example, since 2015 Eurostat publishes a set of Quality of Life indicators[4] that include a full range of factors that determine living standards. The integration of the sustainable development goals (SDGs) in the European Semester, in a manner consistent with the legal bases of the latter, underscores the focus that the Commission puts on a comprehensive monitoring of outcomes in view of achieving inclusive and sustainable growth. Consequently, as of 2020, the Semester's macro-economic dimension takes a broader perspective and also encompasses the integration of environmental sustainability in all the stages of the Semester process. The 2020 country reports reflect this new approach via a new dedicated section on environmental sustainability. Each country report also includes a new annex setting out the individual Member State's SDG performance and the trend over the past five years that builds on Eurostat's annual flagship publication on sustainable development. Further in-depth analysis to capture the transition to a climate-neutral and resource-efficient economy will be developed. The Commission is working on expanding its toolkit to improve the analysis of the macroeconomic and social implications of the ecological transition in future Semester cycles. To this effect, a set of key indicators is being developed with the aim of applying them as of the next Semester cycle.
1.8. The EESC calls for an end to perverse subsidies and for the alignment of all public sector spending across the EU and its Member States with the goal of achieving climate neutrality.	National budgets play a key role in the transition to a climate neutral and sustainable economy. As part of the European Green Deal, the Commission will work with the Member States to screen and benchmark

[4] https://ec.europa.eu/eurostat/web/gdp-and-beyond/quality-of-life

	green budgeting practices. A greater use of green budgeting tools will indeed help to redirect public investment, consumption and taxation to green priorities and away from harmful subsidies. This will make it easier to assess to what extent annual budgets and medium-term fiscal plans take environmental considerations and risks into account, and learn from best practices.
1.10. The EESC calls on the Commission and the Member States to carry out green fiscal reform to help align taxation, subsidies and pre-distributive policies with the goal of achieving a just transition to a wellbeing economy, in particular by enforcing existing legislation.	The European Green Deal explicitly calls to use taxation in the transition towards a climate neutral economy and to end fossil fuel subsidies. In that light and in the context of the revision of the Energy Taxation Directive[5], the Commission will look closely at the current tax exemptions and at how best to close any loopholes, also to preserve the proper functioning of the EU's internal market. To support achievement of objectives trying to mitigate the emerging challenges brought by climate change, environmental degradation, globalisation, digitalisation and aging of population, the Commission will engage with and encourage Member States to carry out broader base, future-proof tax reforms. Such reforms would need to take into consideration the need to ensure sustainability of tax revenues, fairness in the allocation of taxable profits, support transfer to green economy, ensure social justice for (vulnerable) citizens and competitiveness for business. The Commission will propose some key initiatives to tackle tax evasion, to simplify the tax system and to make compliance easier, helping tax administrations to better collect their taxes and keep pace with new challenges.

[5] Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity; OJ L 283, 31.10.2003, p. 51–70.

	The Commission will encourage Member States' efforts in reforming their fiscal frameworks through the European Semester. It will also provide technical support, based on Member States' requests, to facilitate the effort to reform through the Structural Reform Support Programme. The Commission agrees that the measures could incentivise the investments in new technologies and the use of alternative, more sustainable energy products and electricity. Furthermore, additional revenues from carbon pricing could help strengthening the financing of the just transition, including reduction of labour cost and worker up-/reskilling needs.
1.11. The EESC […] also recommends a review of the EU's fiscal and monetary rules to ensure they are fit for purpose in achieving the transition to a climate-neutral economy.	The Committee's recommendation for revising the fiscal and monetary policy is fully in line with the Commission's Communication on the European Green Deal[6] and its Economic Governance Review[7] that was launched on 5 February 2020. It takes stock of the functioning of the EU's economic governance framework, assesses the new macroeconomic context and political priorities and initiates a discussion on the effectiveness of our framework against these elements. A future-proof framework should be consistent with today's and tomorrow's economic and environmental challenges, notably climate change and its impact on our economies. An online tool[8] was launched to allow all stakeholders to engage in a public debate to provide their views in this review exercise. The Committee's contribution will be welcome in this context.

[6] COM(2019) 640 final.
[7] COM(2020) 55 final.
[8] https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/economic-governance-review_en#public-debate

1.12. The EESC calls for all existing EU policy and budgetary/financial frameworks and tools (such as the Multi-Annual Financial Framework, the European Semester and Better Regulation) to be urgently aligned with a just transition to a wellbeing economy.	In its proposal for the EU's long term budget, the Commission has proposed a new balance between the policy areas. While cohesion policy and the common agricultural policy continue to play a vital role in shaping Europe's future, they are being modernised in line with the new priorities. At the same time, under that proposal more money goes to key policy areas such as research and innovation, student mobility or climate action. The proposed Just Transition Fund will help ensure that no one is left behind, by providing additional support to regions and people most affected by the transitions. The Commission is committed to pursuing economic policy that puts people and the environment at the centre stage. The European Semester, as the annual cycle of economic and employment policy coordination in the EU, is one of the main tools to translate this ambition into action. The Annual Sustainable Growth Strategy (ASGS), adopted in December 2019, proposes a new economic policy strategy around the concept of competitive sustainability (environmental sustainability, productivity gains, fairness and macroeconomic stability). The country reports use the same approach but analyse more specifically the national challenges towards the achievement of the competitive sustainability objectives.
5.3.7. Specific policies for in-depth consideration and further work for the EESC could include: enhanced worker representation on company boards, the adoption of a right to work or "job guarantee", universal basic income, universal basic services and a maximum income.	The European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission, sets out that: • 'Everyone has the right to timely and tailor-made assistance to improve employment and self-employment prospects'; • 'Young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months

	of becoming unemployed or leaving education'. The rules on board level employee representation are not harmonised at EU level and they vary greatly between Member States. Consideration by the Committee of the effects of enhanced worker representation in company boards on the well-being of the economy could be a valuable basis for policy makers.
5.3.8. The EESC reiterates its call to introduce a binding European framework for a decent minimum income in Europe and enabling minimum income schemes in the Member States to be extended across the board.	The international debate on the changing world of work has triggered renewed attention to the concept of universal basic income, which has only been tested in a few Member States, on a small scale and with a short duration. The design of basic income schemes potentially represents a significant shift in the design of social protection systems as those schemes are meant to be unconditional; this would have significant consequences on how Member States structure their tax and benefit systems. There is a need to gather more evidence on the design and impact of basic income schemes: thorough testing and studies are necessary before these schemes become a valid policy option for in-depth consideration and implementation on a larger scale. The Commission promotes upwards convergence in Europe of adequate and effective minimum income schemes in line with principle 14 of the European Pillar of Social Rights and the active inclusion approach. The monitoring of adequacy and effectiveness of minimum income schemes in the Member States is done through mutual learning processes and in the European Semester. In cooperation with the Member States, through the Social Protection Committee, a benchmarking framework on minimum income has been adopted. In addition, the Commission facilitates the

	exchange of information and best practice.
5.4.3. Achieving a climate-neutral economy within three decades or less requires a wholesale renewal of our energy systems, our transport infrastructures and our production processes. It has been estimated that this will require around EUR 300 billion in annual investment over the next twelve years .	A sustainable Europe requires significant investment effort across all sectors of the economy. The Commission has estimated that reaching the current 2030 climate and energy targets will require additional investments of € 260 billion every year by 2030[9]. These are to be considered as conservative estimates. Significant investments will be also necessary in other sectors than the energy and transport sectors, notably in agriculture, to tackle broader environmental challenges, including biodiversity loss and pollution, the protection of natural capital and the support to the circular and blue economy, as well as for human capital and social investments related to the transition. In addition, as part of the European Green Deal, the Commission has announced its intention to present an impact assessed plan to further increase the EU's climate ambition for 2030.[10]
5.4.4. About half of this investment lies in the promotion of greater energy efficiency in buildings, leading to cost savings and offering opportunities for profitable private investment. The EESC recognises that leading businesses and investors are already developing these opportunities. It is vital that EU policy supports and rewards this leadership.	The EU energy efficiency policy for buildings, based in particular on the Energy Efficiency Directive and the Energy Performance of Buildings Directive[11], is advanced and has been recently updated as part of the Energy Union. Within that initiative, the Commission also put forward the Smart Financing for Smart Buildings[12] facility which aims at mobilising finances for investments in sustainable energy renovation

9 Compared to a baseline scenario – United in delivering the Energy Union and Climate Action - Setting the foundations for a successful clean energy transition (COM(2019) 285).

10 Sustainable Europe Investment Plan - European Green Deal Investment Plan (COM(2020) 21).

11 Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency; OJ L 156, 19.6.2018, p. 75–91.

12 https://ec.europa.eu/info/news/smart-finance-smart-buildings-investing-energy-efficiency-buildings-2018-feb-07_en

	of buildings. As part of the Investment Plan for Europe[13], the European Fund for Strategic Investments (EFSI) 2.0 is key to unlock private financing for energy efficiency and renewables in buildings at a greater scale. In addition, over the period 2014-2020, the European Regional Development Fund and the Cohesion Fund invested substantially in energy efficiency in public and residential buildings and in enterprises, with a focus on small and medium-sized enterprises (SMEs). Further progressing in this area is a key priority of the European Green Deal. In that context, the Commission is working on a 'Renovation wave' initiative for the building sector for 2020. That framework enables the businesses and investors to engage in enhancement of energy efficiency in buildings and as such supports their leading role.
5.4.5. Of particular importance is the need to create the right framework conditions to ensure that both private and public savings are directed towards the sustainable long-term investments needed for a sustainable economy. Prudential regulation will be essential to prevent short-term behaviours from undermining stability and to reward a new portfolio of investments in sustainable wellbeing.	The European Green Deal announced a renewed strategy on private financing of sustainable and inclusive growth. This initiative will build on the Commission's 2018 Action Plan on Financing Sustainable Growth[14] (also via the establishment of the EU Taxonomy), which laid the first foundations for enabling private capital to flow towards sustainable investments by putting forward ten bold actions to reform the financial sector in support of sustainability. That action plan constituted a major first step forward to embed sustainability into the financial system. The renewed strategy will focus on three main areas. First, it aims at strengthening the foundations for sustainable investment. Sustainability should be further embedded into the corporate governance framework, as many

[13] https://ec.europa.eu/commission/priorities/jobs-growth-and-investment/investment-plan-europe-juncker-plan/what-investment-plan-europe_en
https://www.consilium.europa.eu/en/policies/investment-plan/

[14] COM(2018) 97 final.

	companies still focus too much on short-term financial performance compared to their long-term development and sustainability aspects. Second, increased opportunities need to be provided to citizens, professional investors and companies by making it easier for them to identify sustainable investments and ensuring that they are credible. Third, climate and environmental risks will need to be fully managed and integrated into the financial system.
5.4.8. It is clear that the financial institutions across the EU that support the economy, including the European Central Bank, the national central banks, the European Bank for Reconstruction and Development, the European Investment Bank and the commercial banks operating at national and international level must all embed the SDGs as guiding principles in their investment and lending activities.	The Commission actively promotes the Sustainable Development Goals (SDGs) in its policies and programmes. By way of example, the new InvestEU[15] and NDICI[16] programmes to be implemented by international financial institutions and national promotional banks and their financial intermediaries, foresee that the programmes must contribute to economic sustainability, including, as regards InvestEU, by a sustainability proofing covering the climate, environment and social dimension and by climate tracking.
6.5.1. Align all public sector spending across Member States with the goal of achieving the SDGs and making the transition to a climate-neutral economy; ensure that all financing mechanisms, including the Multi-Annual Financial Framework, the European Social Fund and the European Globalisation Fund are all fully aligned with the transition to a climate-neutral economy;	Becoming the world's first climate-neutral bloc by 2050 is a great challenge but also a great opportunity. The EU budget, Member States and private actors will all play an important role in financing the European Green Deal. The next EU budget will invest substantially in climate- and environment-related objectives. The Commission proposed 25% of the total budget to contribute to climate action and spending on the environment across multiple instruments. The European Social Fund Plus (ESF+), as the main EU instrument to invest in people and skills, will play a key role in anticipating and

[15] Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme (COM(2018) 439 final).

[16] Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018) 460 final).

	accompanying a fair transition to a climate neutral economy to make sure that no one is left behind. The European Globalisation Adjustment Fund, as the special instrument to support workers in case of a large number of unexpected dismissals, will ensure that personalised services offered to the dismissed workers are compatible with the shift towards a resource-efficient and sustainable economy. While all Member States, regions and sectors will need to contribute to the transition, the scale of the challenge is not the same. Some regions will be particularly affected and will undergo a profound economic and social transformation. The Just Transition Mechanism[17] will provide tailored financial and practical support to help workers and generate the necessary investments in those areas.
6.5.3. End immediately all "perverse subsidies" that support for instance fossil fuel extraction and use or palm oil use, directly or indirectly; at the global level eliminating these subsidies would raise government revenue by 3.6% of global GDP, cut emissions by more than 20%, cut premature death by air pollution by more than half and raise global economic welfare by USD 1.8 trillion (2.2% of global GDP) ;	The Communication on the European Green Deal stressed the need for an end to fossilfuel subsidies. As part of the Commission Recommendation of 18 June 2019 on the draft integrated National Energy and Climate Plans[18], the Commission asked Member States to list all energy subsidies in their final national energy and climate plans (NECPs)[19], including in particular for fossil fuels, and actions undertaken as well as plans to phase them out.
6.5.4. Establish a blueprint for green fiscal reform in the EU – using taxation and incentives to promote desirable outcomes, penalise undesirable ones, reward those seeking to live more sustainable lives and incentivise sustainable investment. This will not be possible	As announced in the European Green Deal, the Commission will propose to revise the Energy Taxation Directive[20], focusing on environmental issues, and proposing to use the provisions in the Treaties that allow the European Parliament and the Council to

17 https://ec.europa.eu/info/news/launching-just-transition-mechanism-green-transition-based-solidarity-and-fairness-2020-jan-15_en

18 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:2019:297:TOC

19 https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans_en?redir=1

20 Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity; OJ L 283, 31.10.2003, p. 51–70.

without greater flexibility in EU decision-making to facilitate the introduction of the necessary fiscal instruments and market-based mechanisms. A gradual shift to Qualified Majority Voting (QMV) would help reach environmental objectives more effectively at a time when action on climate change is more urgent than ever ;	adopt proposals in this area through the ordinary legislative procedure by qualified majority voting rather than by unanimity.
6.5.5. Use re-distributive taxation and subsidies and "pre-distributive" policies to reduce income and wealth inequalities and ensure a just transition by providing sufficient financial support and retraining opportunities for workers at risk of losing their jobs as a result of the transition to a climate-neutral economy.	The Commission's Annual Sustainable Growth Strategy 2020 indeed iterates, inter alia, that 'national tax and benefit systems should be optimised to strengthen incentives for labour market participation, to increase fairness and transparency and to ensure the financial sustainability and adequacy of welfare systems in a changing world of work. Tax systems should also ensure sufficient revenues for public investment, education, healthcare and welfare, guarantee fair burden-sharing and avoid distortion of competition between firms.' And that 'taxes should support the transition to a green economy, become fairer and move to sources less detrimental to growth.' At the EU level, the Commission presented, in January 2020, its European Green Deal Investment Plan and the Just Transition Mechanism, which provide financial support to facilitate a just transition, including by supporting workers to develop skills and competences for the job market of the future and help SMEs, start-ups and incubators to create new economic opportunities in these regions. As mentioned before, the Commission agrees that additional revenues from carbon pricing could help strengthening the financing of the just transition, including the reduction of labour cost and worker up-/reskilling needs.